

9 November 1988

SUBJECT: Overseas Security and the DCI Security Evaluation Office

1. The DCI established the Security Evaluation Office on 4 April 1988. This office is composed of [ ] positions, staffed with counterintelligence and security people selected from all elements of the Intelligence Community and the State Department. The mission of this organization is to develop security standards to protect U.S. embassies from foreign intelligence activity and to monitor compliance with those standards. The head of this unit is named by and responsible to the DCI who will report problems and recommendations to the Secretary of State for action. The Security Evaluation Office is independent of the Department of State.

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#### Background

2. The formation of the DCI Security Evaluation Office stems directly from a 22 October 1987 memorandum from the Deputy Assistant to the President for National Security Affairs to the Secretary of State and the Director of Central Intelligence. That memorandum conveyed the President's decisions on the recommendations sent to him by the Secretary of State and the Director of Central Intelligence in a 3 August 1987 memorandum on the Moscow Embassy and other overseas security issues.

#### Progress Report on the DCI Security Evaluation Office

3. The staff members and/or principals of the SSCI, the HPSCI, the HFAC, and their budget subcommittees were briefed on the background and the mission of the office. The briefing met with general approval by the legislative groups and the DCI Security Evaluation Office was placed in the National Foreign Intelligence Program as a separate, classified line item with [ ] positions and [ ] It survived intact the conference reports and was appropriated for FY 1989.

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4. The Intelligence Community was asked to support the Security Evaluation Office by encouraging its personnel to volunteer for two-three year reimbursable details, to provide data in support of all-source, all-agency threat and vulnerability assessments, to support the development of security standards to protect embassies from foreign intelligence activity, and to cooperate in the auditing and monitoring of their embassy security inspections as well as to support the independent inspections conducted by the DCI Security Evaluation Office. The Intelligence Community response has been outstanding. It has long been recognized that an office at the DCI level could provide a more objective and comprehensive evaluation of

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the threat and vulnerability issues, the requisite security standards, and compliance than could any single agency or department. The Intelligence Community has provided strong support to all aspects of the DCI Security Evaluation Office.

5. The Secretary of State, the Under Secretary of State for Management and the Assistant Secretary of State for Diplomatic Security supported the development of the Security Evaluation Office at the outset. The Under Secretary was the principal drafter of the 3 August 1987 memorandum on behalf of the Secretary; the Secretary himself made final revisions to the memorandum. The Assistant Secretary initially supported the office as a means of strengthening his and the Secretary's hand in implementing a better security program in the Department. Over a period of several months, opposition to the Security Evaluation Office has developed.

6. Initially, the Bureau of Diplomatic Security expressed opposition to the notion that anyone other than the Secretary of State could set security standards for the Department. This is, in fact, the language in the Shultz-Webster memorandum and in the President's instructions. This issue faded under the DCI clarification that it was understood that the Secretary of State made a separate management decision on security standards before they could be promulgated by the Department's management process. Subsequently, objections were raised by the Bureau of Diplomatic Security to the DCI/SEO authority to consider anything other than technical security matters, whether the DCI SEO was authorized to independently monitor post compliance with security standards, whether the DCI/SEO was independent of the Department, and objections were raised to State officers volunteering for full-scope polygraphs as a prerequisite to assignment to the DCI/SEO. A mid-October meeting of Secretary Shultz, Director Webster and Colin Powell ended in an impasse. One side sought to reinterpret the President's 1987 instructions and the other side sought compliance with the President's instructions and the Shultz-Webster agreement that preceded it.

7. The DCI Security Evaluation Office is carrying out its mission in all aspects except where State cooperation is required. It is developing standards with priority to shielding and information handling standards. The office is developing threat and vulnerability analyses with priority to a top twenty list of most threatened and vulnerable posts. The office also is auditing some 130 security inspection reports of embassy tenants and currently monitoring a half-dozen security inspections of embassies. Independent DCI/SEO security inspections of critical posts as directed by the President await State agreement to comply with those instructions. The DCI/SEO presently is at half-strength of some [redacted] detailees from the CIA and NSA, plus a dozen independent contractors who are counterintelligence and security specialists with past careers in DoD, the FBI, NSA, and CIA. The office will be at full-strength by April 1989.

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### The Future

8. A decision must be made by the next Secretary of State on the Department's compliance with the President's instructions. The basic decision is either to comply or seek the new President's recision or modification of the 1987 directive.

9. There still is much the Security Evaluation Office can do to improve overseas security and to strengthen the hand of the Secretary of State in providing security to the embassies. The Security Evaluation Office can continue to develop objective, all-source threat and vulnerability assessments on the embassies, it can continue to develop security standards, and can monitor post compliance with those standards although this latter function would be hampered without positive State cooperation. Also, the DCI/SEO can improve the Intelligence Community support to the Department's security program through coordination of activities such as the TSCM programs, the Joint Security Project Office, and the Plain Text Processing Equipment projects.